

**Plaintiffs' Memorandum in Opposition
to Joint Motion for Summary
Judgment for Failure to Prove Fault
Element of Public Nuisance Claims**

**Ex 17 –
CAH_MDL_PRIORPROD_DEA07_0
0827893-894**

Message

From: Kaufmann, Mike [/O=CAH/OU=CARDINAL HEALTH/CN=RECIPIENTS/CN=MIKE.KAUFMANN]
Sent: 1/21/2008 5:59:32 PM
To: Dolch, Gary [/O=CAH/OU=CARDINAL HEALTH/CN=RECIPIENTS/CN=Gary.Dolch]; Skaggs, Shelly
[/O=CAH/OU=CARDINAL HEALTH/CN=RECIPIENTS/CN=Shelly.Skaggs]
CC: Grant, Claude [/O=CAH/OU=CARDINAL HEALTH/CN=RECIPIENTS/CN=Claude.Grant]; Hartman, Mark
[/O=CAH/OU=CARDINAL HEALTH/CN=RECIPIENTS/CN=Mark.hartman]; Macielak, Francis "Frank"
[/O=CAH/OU=CARDINAL HEALTH/CN=RECIPIENTS/CN=Francis.Macielak]
Subject: RE: In the Penalty Box

GD – Thanks and agree who would take the lead from your end to present the areas you guys feel we should discuss and your evaluation.

Shelly – can you please schedule a 2 hour meeting with the 4 folks above plus my DRs to discuss M risks Sometime in next 60 days is OK as I know calendars are nuts

From: Dolch, Gary
Sent: Monday, January 21, 2008 11:34 AM
To: Kaufmann, Mike
Cc: Grant, Claude; Hartman, Mark; Macielak, Francis "Frank"
Subject: RE: In the Penalty Box

Mike,

Your proposal makes sense. I would suggest you include Claude Grant, Mark Hartman and Frank Macielak from my organization in the meeting. Also, we can probably give you a list of some of the things we are aware of. This might be helpful in getting the meeting started.

Gary

From: Kaufmann, Mike
Sent: Thursday, January 17, 2008 6:33 PM
To: Dolch, Gary
Subject: FW: In the Penalty Box

I would like to do a risk assessment of my world not what is just direct to me but what I own since I own the M P&L how do you suggest we might do this I was thinking my DRs plus key function folks getting in a room for 2 hours and just throwing risk areas on a list and then grading them and deciding where if any we might want to check a little deeper (i.e. ASV, Sourcing, etc.) Thoughts?

From: From Kerry Clark
Sent: Thursday, January 17, 2008 4:17 PM
To: GLT Communication
Subject: In the Penalty Box

Fellow GLT members,

I wanted to share some thoughts on the subject of regulatory compliance, since some of our failures in this area are burdening our financial performance and market capitalization.

Several years ago I heard Don Shula, the legendary Miami Dolphins football coach, talk about some of his coaching strategies. He said that when he first came to professional football he quickly

recognized that the talent of all teams was formidable and it was the small things that would make the difference between winning and losing. One of the most important “small things” was avoiding penalties that give your competition an advantage. For Ohio State Buckeye fans, this point was made very real at college football’s National Championship game against Louisiana State University recently.

I’ve now been here for 7 quarters, and it’s clear to me that Cardinal Health has a number of great strengths. Among them, we are very focused; we are extremely hard working; we care about what we do; we like our work groups; and we feel very strongly about our core values. But we keep getting penalties – big penalties that are costing us customer loyalty, employee loyalty, and shareholder loyalty. Big penalties that are undermining our progress on the path to premier against all three stakeholder groups.

Obviously, the biggest are the SEC issue, two consecutive Alaris recalls, a number of MPT recalls, and the DEA controlled substance license suspensions in three locations. Beyond these, Gary Dolch’s Quarterly QRA Report lists a startling number of issues, including 6 OSHA violations and a significant fine at our Syracuse, NY facility. If you added up our fines, settlements, and lost business over the last 18 months, the total would come close to \$1 billion. Shocking, isn’t it? Now I recognize that the SEC settlement is the major share, but this is still \$1 billion that could have been reinvested in the business, in our brand, and in our internal systems.

The conundrum is how can a company that believes ethics is a core value find itself in such a situation?

As we begin to look at the “Voice of the Employee” results, which are being compiled and analyzed as we speak, it’s clear we have vertical communication issues and our employees do not fully trust their leaders. Perhaps our results-oriented culture is leading to ill-advised or short-sighted decisions. We need to work this out and action planning around the Voice of the Employee results will be an important part of our March GLT meeting.

These issues are also why we need to do a better job of enterprise risk management – a key focus area going forward. This work will be led by Rich Walsh in the Ethics and Compliance team, and will be integrated into 2 QBRs per year.

In closing, let me make an important point. As Dave and Dwight would concur, the regulatory bodies hold general management accountable. Their names are the ones on the FDA consent order related to the Alaris SE recall. The final DEA resolution may have a comparable outcome. While the Legal and QRA functions are responsible for helping us run our businesses, the general managers are ultimately responsible for the results. General managers are accountable for ensuring their units operate according to quality and legal/regulatory standards. So, general managers need to proactively search for potential quality and legal/regulatory issues. And when they find them, they need to make the hard, right calls; not the easy, wrong calls.

This is a big issue, and as the leaders of Cardinal Health, we need to address it. Accountability of leadership is essential.

I’d be happy to hear your comments.

Kerry